

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 305281

73

ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 GSA-01 /092 R

DRAFTED BY EB/ISM:WPOLIK:LMP

APPROVED BY EB/ISM:ACHEWITT

NEA/INS:RBMORLEY

EB/CSB/OSB:DBRAMANTE

----- 074483

R 311401Z DEC 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE STATE 305281

E.O. 11652: N/A

TAGS: USINJC, EMIN, ETRD, IN

SUBJECT: MICA

REF: NEW DELHI 16014

1. US MICA INDUSTRY ASSOCIATION (MIA) MET DECEMBER 19 TO
CONSIDER RECENT GOI FLOOR PRICE ROLLBACKS AND OTHER
MEASURES AIMED AT RESOLVING OUTSTANDING PROBLEMS. AT
MIA INVITATION, DEPTOFF ATTENDED MEETING AS OBSERVER.

2. MIA APPRECIATIVE OF GOI EFFORTS AT RESOLVING CURRENT
PROBLEMS FACED BY US MICA IMPORTERS, BUT FEELS THAT
NUMBER OF LOOSE ENDS STILL REMAIN. UNTIL THESE RESOLVED,
MIA HAS DECIDED DEFER ANY ACTION AGAINST ADDITIONAL GSA
STOCKPILE RELEASES. MIA PRINCIPALLY CONCERNED OVER GOI'S
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 305281

SPLITTING OF SCRAP MICA INTO TWO CATEGORIES FOR PURPOSES OF

FLOOR PRICE, AND OVER ISSUE OF ARBITRATION. IN ADDITION, MIA CONTINUES TO OPPOSE GOI'S 60-40 SPLIT REQUIREMENTS ON TECHNICAL GROUNDS. MIA IS COMMUNICATING ITS VIEWS ON THESE POINTS TO JAIN OF MITCO, AND REQUESTING GOI REPLY BY FEBRUARY 1, 1976. (FYI: DEPARTMENT UNDERSTANDS THAT FAILURE TO RESOLVE 60-40 SPLIT ISSUE WILL NOT RPT NOT KEEP MIA FROM ASKING GSA NOT TO INCREASE FY 1976 MICA DISPOSAL PROGRAM, PROVIDING SCRAP MICA FLOOR PRICE AND

ARBITRATION ISSUES RESOLVED SATISFACTORILY. END FYI.)

3. MARSHALL AND MIA FEEL THAT MITCO MAY HAVE PULLED A FAST ONE BY ESTABLISHING TWO FLOOR PRICES FOR MICA SCRAP OR WASTE (THIS ITEM COVERED AT BOTTOM OF PENULTIMATE PAGE OF GOI'S DECEMBER 5 PUBLIC ANNOUNCEMENT SIGNED BY MISS ROMA MAZUMDAR AND POUCHED TO DEPT BY EMBASSY). MARSHALL ADMITS THAT JAIN RAISED SCRAP MICA FLOOR PRICE ISSUE DURING OCT-NOV MIA-MITCO MEETINGS. TENTATIVE UNDERSTANDING WAS REACHED ON LOWERED FLOOR PRICE FOR SCRAP MICA ON ONE-HALF INCH SCREEN, BUT MIA DID NOT RPT NOT INTERPRET THIS AS MEANING THAT TWO SEPARATE FLOOR PRICES WOULD BE ESTABLISHED (ONE FOR ONE-HALF INCH SCREEN AND ANOTHER FOR THREE-QUARTER INCH SCREEN), AND NO MENTION WAS MADE OF TWO FLOOR PRICES. MIA THUS FEELS THAT ESTABLISHMENT OF TWO FLOOR PRICES WAS NOT RPT NOT IN ACCORD WITH THEIR TENTATIVE UNDERSTANDING REACHED WITH JAIN, AND WISHES ONE FLOOR PRICE FOR SCRAP OR WASTE.

4. ARBITRATION: MIA WISHES ARBITRATION PROVISIONS TO SPECIFY THAT ANY REFUNDS RESULTING FROM ARBITRATION OF CLAIMS WILL BE PAID IN DOLLARS OR OTHER CONVERTABLE CURRENCY. MIA BELIEVES SUCH SPECIFIC PROVISIONS ARE ALL THE MORE IMPORTANT SINCE GOI REGULATIONS REQUIRE OPENING OF 100 PERCENT LETTER OF CREDIT FOR MICA PURCHASES. MIA FELT THAT THIS WOULD NOT BE THE CASE IF GOI ALLOWED LETTERS OF CREDIT FOR 95 PERCENT OF ORDER WITH BALANCE OF PURCHASE PRICE TO FOLLOW AFTER US RECEIPT AND INSPECTION OF MICA, BUT AGREED THAT ANY ATTEMPT TO GET GOI TO REDUCE LETTER OF CREDIT REQUIREMENTS FROM 100 TO 95 PERCENT WAS NON-STARTER. ACCORDING TO MIA, YEARS AGO GOI LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 305281

ALLOWED US MICA IMPORTERS TO OPEN LETTERS OF CREDIT FOR 90 PERCENT OF ORDER, WITH PAYMENT OF BALANCE AFTER RECEIPT AND ACCEPTANCE OF MICA. THIS WAS THEN CHANGED TO PRESENT SYSTEM UNDER WHICH US IMPORTER OPENS 100 PERCENT LETTER OF CREDIT, WITH BANK OF INDIA PAYING INDIAN EXPORTER 95 PERCENT OF AMOUNT AND HOLDING BACK FIVE PERCENT FOR SIX MONTHS IN ORDER TO SATISFY ANY CLAIMS. HOWEVER, MIA CLAIMS THAT BECAUSE OF STIFF REQUIREMENTS AND RED TAPE

INVOLVED, IT VIRTUALLY IMPOSSIBLE TO COLLECT ANYTHING FROM BANK OF INDIA TO SATISFY CLAIMS. MIA THUS BELIEVES IT VITALLY IMPORTANT TO IMPROVE AND CLARIFY ARBITRATION PROCEDURES TO ENABLE US IMPORTERS TO OBTAIN JUST SETTLEMENT AND PAYMENT OF CLAIMS.

5. MIA WRITING DIRECTLY TO JAIN OF MITCO AND SINGH ON ABOVE MATTERS WITHIN NEXT FEW DAYS, AND WILL SEND EMBASSY COPIES OF LETTERS.

6. ACTION REQUESTED: EMBASSY REQUESTED DISCUSS THESE OUTSTANDING ISSUES WITH APPROPRIATE GOI AUTHORITIES AND URGE THEM TO TAKE FORTHCOMING STAND IN ORDER TO RESOLVE OUTSTANDING DIFFERENCES AND REACH AGREEMENT WITH MIA. ROBINSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTE SETTLEMENT, MICA, PRICE CONTROLS, IMPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE305281
Document Source: CORE
Document Unique ID: 00
Drafter: WPOLIK:LMP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750451-0925
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975124/aaaaacrs.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 NEW DELHI 16014
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 AUG 2003 by CunninFX>; APPROVED <06 AUG 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MICA
TAGS: EMIN, ETRD, IN, US, USINJC, MICA INDUSTRY ASSOCIATION
To: NEW DELHI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006